

OUTGOING MESSAGE

COMINT

Approved For Release 2002/01/14 : CIA-RDP78S01932A000100020067-3

CHANNELS

AGE	COI	ACP	TOG	TPE	MRO	TRI	PAGE	OF	PAGES
SCM	0	0	0	0	0	0			
CLASSIFICATION									
CONFIDENTIAL									
MESSAGE HANDLING INDICATOR									
DATE TIME GROUP									
CITE									
MESSAGE REFERENCE NUMBER									

CIA / OCI

/WHIZ 740227

CIA/WHIS

SOURCE REF:

1		4		7		10	
2		5		8		11	
3		6		9		12	

TO: IMMEDIATE WHITE HOUSE//SITUATION ROOM FOR MR MCRAE,
STATE RCI//OPERATIONS CENTER FOR MR FRY, WHCC//ATTENTION

25X1A

WARNING NOTICE SENSITIVE INTELLIGENCE SOURCES AND METHODS INVOLVED

ITEM NO: 2

DATE: 27 FEB 74

SUBJECT: CANADA-US: FERROUS METALS IMBALANCE COULD LEAD TO POLITICAL PROBLEMS

25X1A

REF:

FACED WITH SERIOUS SHORTAGES IN FERROUS METALS IN THE SECOND HALF OF 1974, CANADIAN STEELMEN ARE ASKING THE GOVERNMENT TO ISSUE AN ULTIMATUM TO WASHINGTON: EITHER OPEN THE CANADIAN-US BORDER TO FERROUS SCRAP TRADE OR FACE TIGHTER CONTROLS ON SCRAP EXPORTS TO THE US. CURRENT HIGHER PRICES IN THE US ARE ATTRACTING CANADIAN STOCKS OF BOTH SCRAP AND PIG IRON TO US MARKETS. WHILE THE US LIMIT ON EXPORTS TO CANADA OF 800,000 TONS ANNUALLY MAY PREVENT CANADA FROM MEETING ITS OWN NEEDS FOR STEEL LATER IN THE YEAR EVEN AT HIGHER PRICES. SCRAP SHORTAGES ARE LIKELY EVEN

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CLASSIFICATION

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AT HIGHER PRICES. SCRAP SHORTAGES ARE LIKELY EVEN IF CANADA'S EXISTING STOCKS ARE NOT EXPORTED TO THE US.

THE CANADIAN GOVERNMENT HAS DELAYED GRANTING REQUESTS FOR PERMITS TO EXPORT SCRAP AND PIG IRON TO THE US IN HOPES THAT PRICES WILL STABILIZE AND THUS ELIMINATE THE NEED FOR STRICT EXPORT CONTROL. IN THE MEANTIME, THE CANADIAN MINISTER OF INDUSTRY TRADE, AND COMMERCE WILL PETITION WASHINGTON FOR EASING OF EXPORT CONTROLS. E2 IMPDET.

SPECIAL DISTRIBUTION: N EUR DIV. [REDACTED]

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27 FEB 74

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